

AMENDED IN ASSEMBLY MAY 31, 2005

AMENDED IN ASSEMBLY APRIL 19, 2005

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 1359

Introduced by Assembly Member Chan

February 22, 2005

An act to add Section ~~1351.5~~ 1350 to the Health and Safety Code, and to add Section 10112.6 to the Insurance Code, relating to health care coverage, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1359, as amended, Chan. Prescription drug plans.

Existing law, the Knox-Keene Health Care Service Plan *Act* of 1975, the willful violation of which is a crime, provides for the licensure and regulation of health care service plans and specialized health care service plans by the Department of Managed Health Care and other provisions of law provide for the regulation of life and disability insurers by the Department of Insurance.

This bill would require a sponsor of a prescription drug plan authorized by the federal Medicare Prescription Drug, Improvement, and Modernization Act of 2003 and operated in this state to ~~apply for licensure~~ be licensed as a ~~specialized~~ health care service plan or as a life and disability insurer.

Because a willful violation of the bill would be a crime, it would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state.

Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1350 is added to the Health and Safety
2 Code, to read:

3 1350. (a) Consistent with federal law, a sponsor of a
4 prescription drug plan authorized by the federal Medicare
5 Prescription Drug, Improvement, and Modernization Act of 2003
6 (P.L. 108-173) shall hold a valid license as a health care service
7 plan issued by the department or as a life and disability insurer
8 by the Department of Insurance.

9 (b) An entity that is licensed as a health care service plan and
10 that operates a prescription drug plan shall be subject to the
11 provisions of this chapter, unless preempted by federal law.

12 SEC. 2. Section 10112.6 is added to the Insurance Code, to
13 read:

14 10112.6. (a) Consistent with federal law, a sponsor of a
15 prescription drug plan authorized by the federal Medicare
16 Prescription Drug, Improvement, and Modernization Act of 2003
17 (P.L. 108-173) shall hold a valid license as a life and disability
18 insurer issued by the department or as a health care service plan
19 issued by the Department of Managed Health Care.

20 (b) An entity that is licensed as a life and disability insurer
21 and that operates a prescription drug plan shall be subject to the
22 provisions of this code, unless preempted by federal law.

23 ~~SECTION 1. Section 1351.5 is added to the Health and~~
24 ~~Safety Code, to read:~~

25 ~~1351.5. If a sponsor of a prescription drug plan authorized by~~
26 ~~the federal Medicare Prescription Drug, Improvement, and~~
27 ~~Modernization Act of 2003 (42 U.S.C. Sec. 1395w-104) elects to~~
28 ~~operate a Medicare prescription drug plan in this state, the~~
29 ~~prescription drug plan sponsor shall apply for licensure as a~~

1 ~~specialized health care service plan. The prescription drug plan~~
2 ~~shall be subject to the provisions of this chapter and the rules~~
3 ~~adopted by the director thereunder, unless expressly preempted~~
4 ~~by federal law.~~

5 ~~SEC. 2.—~~

6 *SEC. 3.* No reimbursement is required by this act pursuant to
7 Section 6 of Article XIII B of the California Constitution because
8 the only costs that may be incurred by a local agency or school
9 district will be incurred because this act creates a new crime or
10 infraction, eliminates a crime or infraction, or changes the
11 penalty for a crime or infraction, within the meaning of Section
12 17556 of the Government Code, or changes the definition of a
13 crime within the meaning of Section 6 of Article XIII B of the
14 California Constitution.

15 ~~SEC. 3.—~~

16 *SEC. 4.* This act is an urgency statute necessary for the
17 immediate preservation of the public peace, health, or safety
18 within the meaning of Article IV of the Constitution and shall go
19 into immediate effect. The facts constituting the necessity are:

20 Due to the specified deadlines for complying with the licensure
21 requirements for prescription drug plans imposed by federal law,
22 it is necessary that this act take effect immediately.